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Approp. (Budget)

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NOTICE
NO. [REDACTED]

7 May 1954
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BUDGET FORMULATION

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(2) Notice No. [REDACTED]

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1. General - This Notice is the call for budget estimates for fiscal year 1956, and for operating budgets for fiscal year 1955. The materials required by this Notice shall be submitted through administrative channels to the Budget Division, Office of the Comptroller, in accordance with the following schedule:

Operating Budgets - In original and two copies not later than 14 June 1954.

Office Estimates - In original and six copies not later than 21 June 1954.

Agency Estimates - In original and two copies not later than 23 August 1954.

2. Responsibilities

- The Comptroller is responsible for the compilation and submission of the unified Agency operating budget for fiscal year 1955 and the Agency budget estimate for fiscal year 1956.
- Heads of offices are responsible for the development and justification of their operating budgets and office and Agency estimates. Budget analysts of the Office of the Comptroller shall collaborate with and assist the offices in the fulfillment of this responsibility.

3. Forms - The forms necessary to meet the requirements of this Notice may be obtained from the Budget Division, Office of the Comptroller.

4. Operating Budgets

- General - Since the budget is prepared at least one year in advance, and submitted to the Congress several months in advance of the fiscal year for which the funds are to be appropriated, it is necessary to refine the original estimates to reflect any required shifts in program emphasis, the current status of office plans, and any changes in costs which may have occurred. The budget estimates for fiscal year 1955 as refined to reflect any of these changes within the amount of funds it is expected the Congress will appropriate, become the operating budgets for fiscal year 1955. Operating Budgets provide

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an orderly and systematic method whereby the offices may plan detailed operations for fiscal year 1955 and submit those plans for approval together with the estimated cost of their completion. Approved operating budgets become the basis for the issuance of allotments for fiscal year 1955, and for the preparation of office and Agency estimates for fiscal year 1956.

- b. Preparation of Operating Budgets - Each office will provide for the review of all plans proposed in the 1955 budget, in the light of current developments, to determine essentiality and detailed costs. Important shifts in program emphasis between the original budget submission and the preparation of the operating budget will be explained by use of appropriate footnote references. Requirements will be estimated on a quarterly basis by organizational unit (i. e., on allotment account) and object class broken down by 01 - personal services, and 00 - all other. Attachments 1 and 2, Operating Budget, illustrate the method to be used. Separate Operating Budgets will be submitted for vouchered and unvouchered funds. The final page of the Operating Budget shall be approved and signed by the head of the office concerned.

5. Office Estimates

- a. General - Office Estimates are the analysis by offices concerned of the proposed activity programs together with estimates of related budgetary requirements for fiscal year 1956 based upon the approved operating budget for fiscal year 1955. Their purpose is to serve as the basis upon which the Director will make decisions regarding the expansion, curtailment, addition, or elimination of program activities. Office estimates shall include total program requirements of the office concerned without any differentiation between vouchered and unvouchered funds in order to avoid presentation of detail which is not essential to the determination of budgetary policy. Since the final Agency estimates must be submitted on a vouchered and unvouchered funds basis, however, heads of offices should ensure that office estimates are developed on that basis even though the Office Estimates must be submitted as a combined total.

b. Preparation of Office Estimates

- (1) Activity Basis - A budget activity is defined as a work program, regardless of organizational or geographic distribution of function. Office Estimates will be submitted on an activity basis only, with each activity supported by accounting data. The office should develop the activity structure used in collaboration with the budget analyst assigned to the office by the Budget Division of the Office of the Comptroller. Details

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by object of expenditure will not be required until Agency estimates are to be prepared.

- (2) Financial Basis - The estimated costs for the budget activities will be developed on the following basis:

FY 1954 - Estimated costs will consist of the recorded obligations through 30 April plus any unrecorded obligations incurred prior to 30 April and estimated obligations for the months of May and June.

FY 1955 - Estimated costs will be the combined total of the amounts included in the vouchered and unvouchered funds operating budgets.

FY 1956 - Estimated costs will reflect the office recommendations for the most realistic level of operations to economically and effectively carry out program operations in 1956.

- (3) Form and Content - Each submission shall be prepared to include a Budget Activity Statement (Attachment 3), a Program Statement (Attachment 4), and any additional material, such as position information and charts which may be desirable to adequately explain the Office Estimate.

- (a) The Budget Activity Statement presents a summary of the work programs of the office concerned. This statement will reflect estimated costs on a three-year basis: 1954, 1955, and 1956. Data concerning positions to be filled during the year, and average employment, will be shown for the office concerned as a total for all activities. Since employment is leveling off, there is no necessity for a separate column reflecting the cost to place on a full year basis in 1956, the positions to be filled for a part of 1955. Such increased costs will be a part of the explanation of total changes shown in the Program Statement (Attachment 4). A distribution of the total requirements of the office concerned will be shown at the bottom (or last page) of the Activity Statement to reflect the portions of the total requirements assigned to departmental, United States field, and overseas field.

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(b) A Program Statement (Attachment 4) is a concise and informative written statement prepared with regard to each budget activity for the budget year. It shall include a description of the objective of the activity, and a brief explanation of the reasons for any contemplated changes. Abbreviations and cryptonyms normally should not be used in the Program Statements.

(4) Detailed Supporting Data - Although detailed data is not required in the submission of Office Estimates, it will be necessary for each office to develop detailed data by object class in order to determine activity costs. These data will be required for inclusion in the submission of Agency Estimates.

6. Agency Estimates

a. General - After the Director reviews the Office Estimates and makes the necessary determinations, each office will prepare the detailed data necessary to support and justify the activity programs included in the Office Estimates. This data will be used to support the budget the Agency will present to the Bureau of the Budget and Congress.

b. Preparation of Agency Estimates

(1) Agency Estimates shall contain the following types of material set forth in sections, and in the order given:

(a) Office Background

- (1) Organizational Chart (See Attachment 5 for example.)
- (2) Functional Statement

(b) Summary Budget Presentation

- (1) Summary Activity Statement (see Attachment 6)
- (2) Statement of Accomplishments and objectives (see Attachment 7)
- (3) Object Class Summary (see Attachment 8)

(c) Vouchered Budget Presentation

- (1) Vouchered Activity Statement (see Attachment 6)
- (2) Explanation of Changes (see Attachment 9)
- (3) Object Class Spreadsheets (see Attachment 10) for:

Fiscal Year 1954
Fiscal Year 1955
Fiscal Year 1956

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- (4) Detail of Personal Services (see Attachments 11 and 12)
- (5) Nonpersonal Services Statements (see Attachment 13)

(d) Unvouchered Budget Presentation

Unvouchered Budget Presentation shall include the same items as are included in the Vouchered Budget Presentation.

- (2) With reference to the foregoing outline, the section dealing with office background shall include the organizational chart of the office concerned together with brief functional descriptions covering the activity or activities of each organizational unit under the jurisdiction of the office concerned.
- (3) Section (b) of the foregoing outline regarding the Summary Budget Presentation shall be used to enhance the "total budget" approach to the Agency budget presentation for fiscal year 1956. The Summary Activity Statement (Attachment 6) and the Statement of Accomplishments and Objectives covering both vouchered and unvouchered funds shall be used in the accomplishment of the "total budget" approach. The various aspects of each activity being conducted or projected must be concisely but adequately explained. Each statement should include information regarding the necessity, methods to be used, volume, economic and political benefits or results, and comparative workload and unit cost data. Projected changes from the current level regarding levels of activity, emphasis, or cost should be woven into the justification statement. Maps, charts, graphs, and workload tables should be used where they will contribute to the presentation of the budget document. The statement should be presented under the following headings:
 - (a) General introduction, if desirable
 - (b) Major accomplishments and significant developments, by activity, during 1954
 - (c) Objectives for fiscal year 1955 and status of the current program by activity
 - (d) Program outlook, by activity, for fiscal year 1956.

A summary statement of object class data (Attachment 8) will be prepared for each component showing a three-year comparison of the total requirements (vouchered and unvouchered funds) for each object of expenditures.

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- (4) Even though the "total budget" approach is being emphasized, detailed information regarding vouchered and unvouchered funds is required for the various budget submissions and reviews. The vouchered budget presentation indicated in Section (c) of the foregoing outline shall consist of the following:
- (a) An activity statement reflecting the vouchered funds portion of the summary activity statement (Attachment 6).
 - (b) A detailed explanation (Attachment 9) of changes in activity costs between fiscal years 1955 and 1956. All increases should be explained under the headings "Objective," "Plan of Work," and "Financial Requirements." The reasons for all decreases should also be given.
 - (c) Object Class spreadsheets for fiscal years 1954, 1955, and 1956 (Attachment 10). These sheets will be by allotment account cross referenced to the activity covered. The accounts will be grouped on a geographic basis.
 - (d) Detail of personal services (Attachment 11 and 12). The submission will be made as shown in Attachment 11. The instructions regarding the preparation of this section appear in Attachment 12.
 - (e) Nonpersonal services (Attachment 13). Separate statements will be prepared for each object of expenditure. These statements should reflect workload requirements and organizational breakdown of the component concerned deemed necessary to adequately justify the item.
- (5) Detailed information regarding the unvouchered budget will be prepared and submitted in the same manner as for the vouchered budget.

7. Review Process - The Comptroller will arrange and conduct hearings regarding the Office Estimates to determine the validity of the estimates and to establish a base upon which final Office Allowances can be made. Heads of offices or their designees will be given the opportunity at these hearings to explain their program plans for 1955 and 1956. A schedule of hearings will be established by the Budget Division of the Office of the Comptroller and furnished to each office concerned.

8. Classification According to Objects - (See Notice No. [REDACTED])

Classification according to objects covers the nature of the services or materials utilized rather than the purpose or the budgetary activity for which incurred. The definitions of object classifications set forth below are prescribed for submitting estimates to the Bureau of the Budget. This Notice assigns responsibility to specific offices for the preparation of the detailed object costs for purposes of the budget submission.

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01 PERSONAL SERVICES - This class includes compensation for services of individuals including terminal leave payments, cost of living and quarters allowances, and other cash emoluments incident to personal services.

- (1) Staff employees, staff agents, consultants, indigenous employees, and wage board employees come under this category.
- (2) Reimbursable military services are to be included as a separate item under 01.
- (3) Contract agents are to be included under 07, Other Contractual Services.

02 TRAVEL - Travel requirements shall include transportation of persons, their per diem or subsistence while they are in an authorized travel status, and other expense incident to travel which are to be paid by the Agency, either directly or by reimbursement, to the traveler.

- (1) Travel requirements shall be based on numbers of trips to be performed to specific areas, computed at rates provided by the "Schedule of Estimated Rates" (Attachment 14) and supported by justifications as to purpose and need for the anticipated travel.
- (2) Offices requiring services of consultants shall include their travel requirements in the office submission.
- (3) Where travel to or from field offices is included, estimates shall be submitted in the following manner:
 - (a) Travel from Washington to a field office on official business and return shall be included in the Washington office submission.
 - (b) Field offices shall include in their budget presentation all travel costs to be incurred as a result of transfer from Washington to a field office on permanent change of station; transfer from a field office to Washington on a permanent change of station; travel from a field office to Washington on official business and return; and travel from an overseas station to the United States for home leave or rotation purposes. Estimates for employees to be transferred from one field office to another on permanent change of station will be submitted by the office to which the employee is transferred.
- (4) The attached "Schedule of Estimated Rates" (Attachment 14) provides travel costs including per diem and other incidental expenses based on average Agency experience.

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03 TRANSPORTATION OF THINGS - Estimates for the transportation of things shall include those charges which are paid directly by the Government and not by the vendor, including charges for the care of such things while in the process of being transferred. (Attachment 15)

- (1) Estimates of transportation costs for stock supplies, materials, equipment, household goods and personal effects of employees will be submitted by the office affected in coordination with the Logistics Office.
- (2) Estimates for transportation of stock materials or equipment from point of origin to a warehouse will be submitted by the Logistics Office.
- (3) Transportation estimates incident to permanent change of station should be submitted on the same basis as travel charges described in paragraph (3) under TRAVEL - 02.

04 COMMUNICATION SERVICES - Estimates shall include costs of transmission of messages, such as tolls for land telegraph, marine cable, radio, wireless telegraph, telephone services, and postage. They shall also include switchboard charges, service charges, and telephone installation costs.

- (1) Estimates for all charges in connection with telephone service in Washington will be prepared by the Logistics Office.
- (2) Estimates for telephone service in field installations will be prepared jointly by the office concerned and the Logistics Office, and shall be submitted in the budget estimates of the former.
- (3) Estimates for outgoing telegrams and cables from the Washington area will be prepared and submitted by the Office of Communications in coordination with the operating offices. Estimates for any telegram and cable costs to be incurred in the field will be prepared and submitted by the office concerned.
- (4) Estimates for special services such as teletype, facsimile, telecrypton, telemeter, direct wire, or tie-line service shall be prepared and justified by the office requiring such service.

05 REPAIRS AND UTILITY SERVICES - Estimates shall include charges for rental of structures, land or equipment and charges for utility services, such as heat, light, water, gas, and other similar services, exclusive of transportation and communication services.

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- (1) Requirements for rental of structures, land, and utilities in the Washington area will be prepared jointly by the office concerned and the Logistics Office, and shall be included in the budget submission of the latter.
- (2) Estimates for field offices shall be presented in the submission of the requesting office in consultation with the Logistics Office.
- (3) Estimates for rental of special equipment on a contract basis will be fully justified and submitted by the office concerned. The justification will include a description of the equipment, the rental cost per period, and the total estimates cost for budget year.

06 PRINTING AND REPRODUCTION - This class includes printing and reproduction and the related composition and binding operations performed by the Government Printing Office and other agencies and commercial printers on a contractual basis.

- (1) Estimates for printing and reproduction of all standard Government forms and Agency forms procured for stock purposes will be submitted by the Logistics Office.
- (2) Special requirements for printing and reproduction which cannot be reproduced by CIA facilities, such as printed forms other than those mentioned in (1) above, maps, special printing work, binding of books and papers, and other similar items, shall be set forth in detail by the office concerned, indicating need, type of publication or material, estimated number of items or copies, and the unit and total cost of each job. Such estimates should be coordinated with the Logistics Office.

07 OTHER CONTRACTUAL SERVICES - This class includes all contractual services otherwise not classified.

- (1) Estimates for repair, alteration and maintenance of structures and other fixed property in the Washington area and the repair and maintenance of standard office equipment will be submitted by the Logistics Office.
- (2) Requirements for reimbursement to the General Services Administration for intra-Agency moves will be submitted by the Logistics Office.
- (3) Estimates for repairs, alteration and maintenance of facilities outside the departmental area will be submitted by the office concerned in consultation with the Logistics Office.
- (4) Estimates for the repair and maintenance of nonstandard Agency office equipment shall be submitted by the office requiring such services.
- (5) Estimates for additional protection service furnished by the General Services Administration in the Washington area will be submitted by the Security Office. Estimates for special protective

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services required in the field will be submitted by the office concerned.

- (6) Requirements for research, development work, or other special services performed by other agencies or outside concerns shall be submitted and justified by the office concerned.

08 SUPPLIES AND MATERIALS - This class includes all commodities which are ordinarily consumed or expended within one year after they are put into use, which are converted in the process of construction or manufacture, or which are used to form a minor part of equipment or fixed property.

- (1) The Logistics Office will submit estimates for common administrative supplies and materials used in the departmental area.
- (2) The using office will submit estimates for:
- (a) Common administrative supplies and materials used outside the departmental area.
 - (b) Operational and special administrative supplies and materials needed for specific operations.

These estimates and justifications will be developed in coordination with the Logistics Office.

- (3) Except as otherwise required for operational reasons, estimates for newspapers, magazines and related publications will be prepared by the Office of Collection and Dissemination in coordination with using offices.

09 EQUIPMENT - This class includes personal property of a more or less durable nature, i.e., which may be expected to have a period of service of a year or more after put into use without material impairment to its physical condition.

- (1) The Logistics Office will submit estimates for common administrative equipment used in the departmental area.
- (2) The using office will submit estimates for:
- (a) Common administrative equipment used outside the departmental area.
 - (b) Operational and special administrative equipment needed for specific operations.

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These estimates and justifications will be developed in coordination with the Logistics Office.

- (3) The Logistics Office will budget for the purchase or replacement of motor vehicles required in the departmental area. Individual offices will budget for needs other than for the departmental area.
- (4) Except as otherwise required for operational reasons, estimates for books will be prepared by the Office of Collection and Dissemination with the assistance of using offices.

10 LANDS AND STRUCTURES - This class includes land and interest in land, buildings, and other structures, additions to buildings, nonstructural improvements, and fixed equipment (whether an addition or a replacement) when acquired under contract. Estimates will be prepared and submitted by the office concerned in coordination with the Logistics Office.

13 REFUNDS, AWARDS AND INDEMNITIES - This class includes refunds of funds received by the Agency; awards by courts of law, boards, or commissions; indemnities for destruction or injury of persons or property; rewards; bounties; and cash awards for employee suggestions and efficiency.

- (1) Since there is a limitation on the total amount of employee suggestion awards that may be made by the Agency and the control over the awards is vested in the Office of Personnel, that Office will make the estimate for this purpose.

15 TAXES AND ASSESSMENTS - This class includes amounts of taxes and special assessments such as Social Security taxes.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

L. K. WHITE
Acting Deputy Director
(Administration)

DISTRIBUTION: AB

Attachments

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